



Department of Defense



***National Security
Personnel System***

Department of Defense
National Security Personnel System

Town Hall Brief

June 2006

Why NSPS?

- Advance DoD's critical national security mission
- Respond swiftly and decisively to national security threats and other missions
- Accelerate DoD's efforts to create a Total Force
- Retain and attract talented and motivated employees committed to excellence
- Compensate and reward employees based on performance and mission contribution
- Expand DoD's ability to hire more quickly and offer competitive salaries

- Performance management system that:
 - Values performance and contribution
 - Encourages communication
 - Supports broader skill development
 - Promotes excellence
- Streamlined and more responsive hiring process
- Flexibility in assigning work
- Preservation of employee benefits, rights and protections
- Preservation of rights of employees to join a union
- Tools to shape a more effective and efficient workforce

DoD's Flexible and Responsive Civilian Personnel System

- Put mission first – support National Security goals and strategic objectives;
- Respect the individual – protect rights guaranteed by law;
- Value talent, performance, leadership and commitment to public service;
- Be flexible, understandable, credible, responsive, and executable;
- Ensure accountability at all levels;
- Balance HR interoperability with unique mission requirements; and
- Be competitive and cost effective.

- Recognizes and rewards employees based on personal contributions to mission
- Opens communication between supervisors and employees: all know expectations
- Encourages employees to take ownership of their performance and success
- Promotes broader skill development and advancement opportunities in pay bands



Key Events and Activities

2003

- NSPS authorized by National Defense Authorization Act

2004

- Working groups developed human resources, labor relations and appeals options
- Conducted Focus Groups and Town Halls worldwide
- Met with labor organizations on design input

2005

- Published proposed and final NSPS Regulations
- Considered 58K comments received during public comment period
- Held meet and confer sessions and continued collaboration with unions
- Testified before Congress
- Conducted Train-the-Trainer sessions

2006

- Simplifying performance management
- Ongoing implementing issuance modifications and continuing collaboration
- Piloting training at NAVSEA Headquarters
- Court decision - Department of Justice filed notice of appeal
- Implementing Spiral 1.1

- Merit System Principles
- Veterans' Preference Principles
- Whistleblower protections
- Rules against prohibited personnel practices
- Anti-discrimination laws
- Fundamental due process
- Benefit laws on retirement, health, life, etc.
- Allowances and travel/subsistence expenses
- Training

■ NSPS Human Resources System

- Vast majority of DoD employees eligible for coverage
 - ✓ initially applies only to selected GS/GM and Acquisition Demo employees
 - ✓ Employees in special pay/classification systems (e.g., wage grade) will be phased in later
- Certain categories excluded (e.g. intelligence personnel, Defense Labs listed in NSPS law)

Vast majority of DoD civilian employees

Human Resources System

- **Classification** - Simple, flexible
- **Compensation** - Performance-based, market-sensitive
- **Performance management** - Linked to agency mission
- **Staffing** - The right person, in the right place, at the right time
- **Workforce Shaping** - Streamlined, mission-responsive

Adverse Actions and Appeals

- Enjoined

Labor Relations System

- Enjoined

- Feb 27, 2006, Judge Sullivan issued decision regarding legality of certain NSPS provisions. The Court concluded that:
 - DoD and OPM satisfied their statutory obligation to collaborate in developing the system
 - DoD lawfully had the authority to depart from Chapter 71 in establishing a new labor relations system
 - New rule fails to ensure that employees can bargain collectively
 - The National Security Labor Relations Board does not meet Congress' requirement for "independent third party review" of labor relations decisions
 - The process for appealing adverse actions fails to provide employees with "fair treatment" as required by Congress
- DoD has appealed the Court's decision

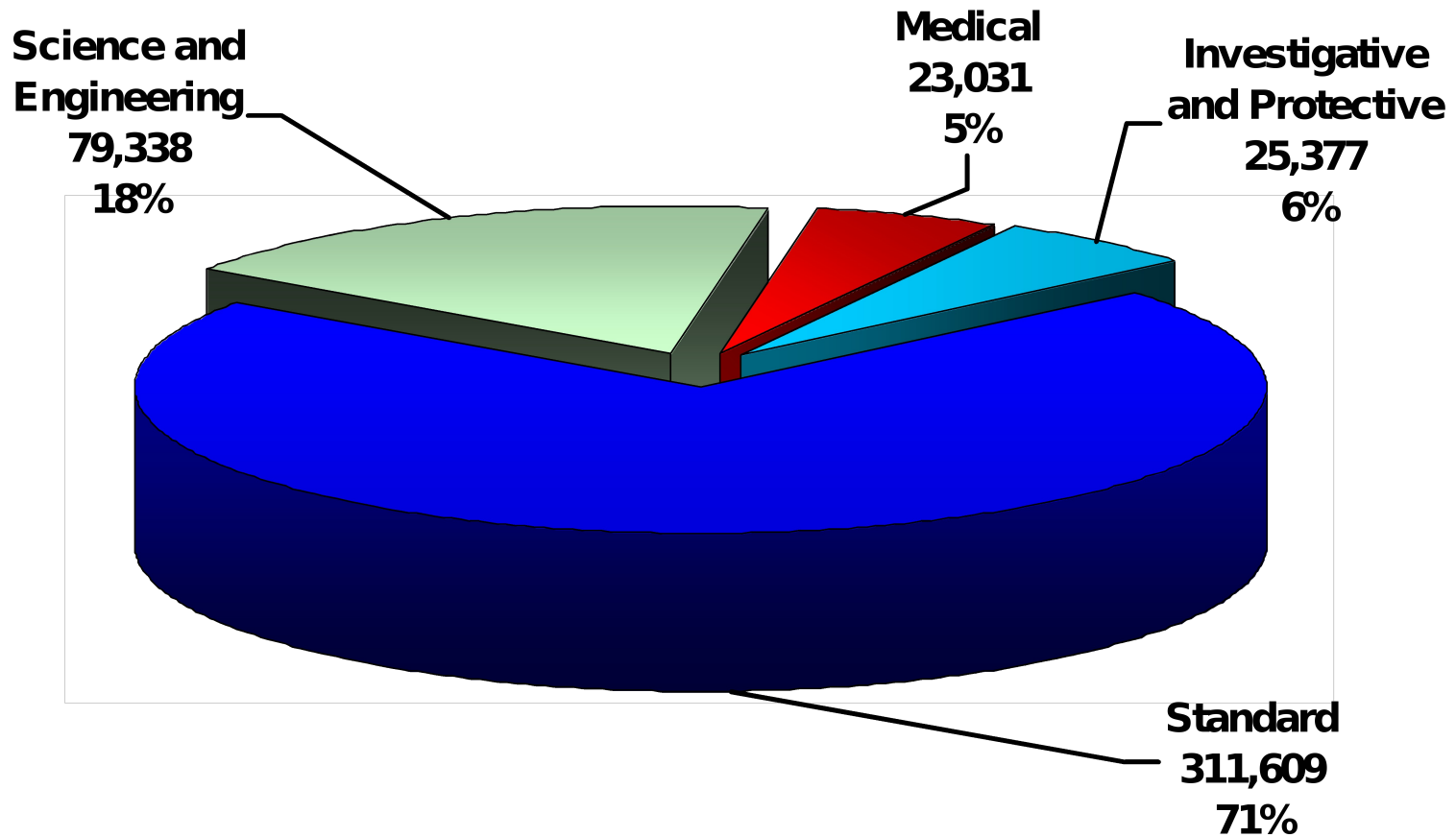
- Jobs in broad “pay bands” based on nature of work and competencies
- Progress in bands dependent on performance, complexity and/or contribution, market conditions
- Position descriptions are less detailed
- Classification appeal rights protected
- Allows flexibility to assign new or different work
- Promotes broader skill development and advancement opportunities within and across pay bands

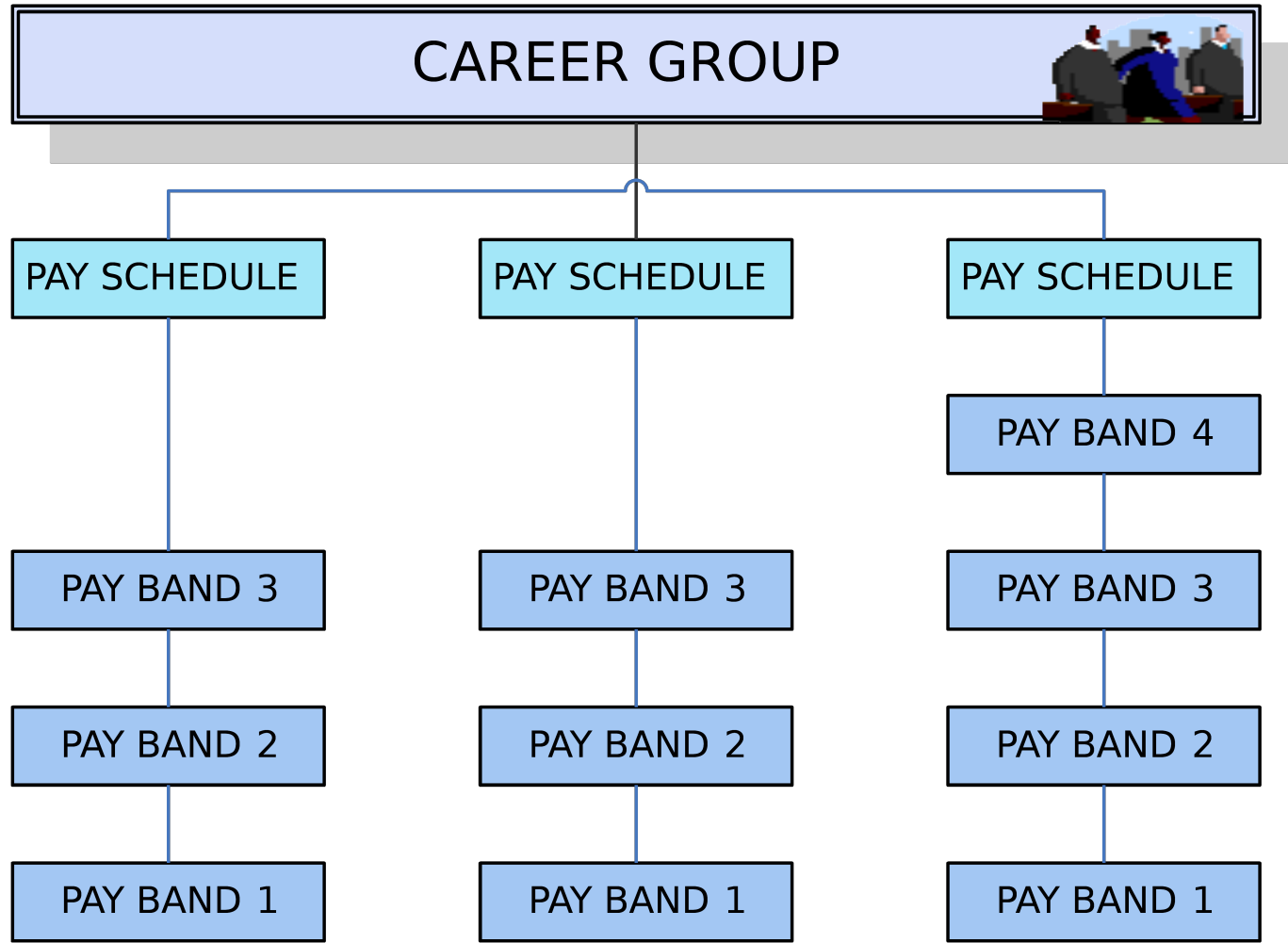
Positions Grouped in Broad Bands



Classification Architecture

STANDARD CAREER GROUP <ul style="list-style-type: none">● Pay Schedules<ul style="list-style-type: none">✓ Professional/Analytical✓ Tech/Support✓ Student Employment✓ Supervisor/Manager <p>71% of DoD white collar workforce</p>	INVESTIGATIVE & PROTECTIVE SERVICES CAREER GROUP <ul style="list-style-type: none">● Pay Schedules<ul style="list-style-type: none">✓ Investigative✓ Fire Protection✓ Police/Guard✓ Supervisor/Manager <p>6% of DoD white collar workforce</p>
SCIENTIFIC & ENGINEERING CAREER GROUP <ul style="list-style-type: none">● Pay Schedules<ul style="list-style-type: none">✓ Professional✓ Tech/Support✓ Supervisor/Manager <p>18% of DoD white collar workforce</p>	MEDICAL CAREER GROUP <ul style="list-style-type: none">● Pay Schedules<ul style="list-style-type: none">✓ Physician/Dentist✓ Professional✓ Tech/Support✓ Supervisor/Manager <p>5% of DoD white collar workforce</p>







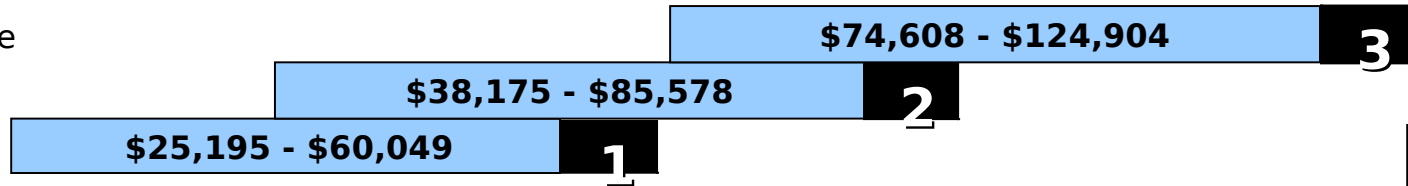
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Scientific and Engineering Career Group

Professional

Pay Schedule

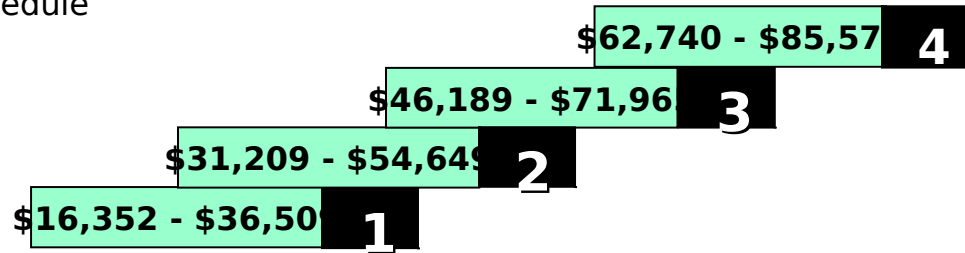


Plus
Local
Market
Supplement

\$15,000 35,000 55,000 75,000 95,000 115,000 135,000

Technician/Support

Pay Schedule

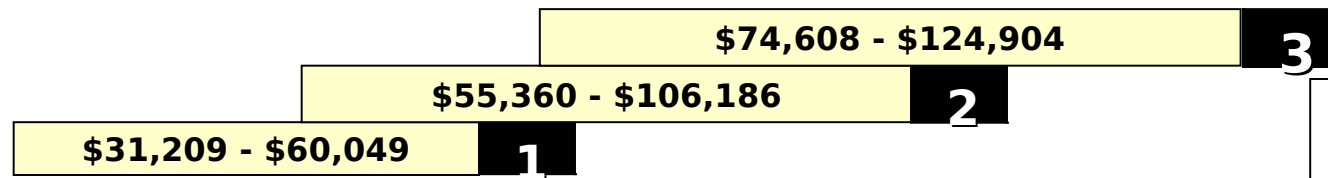


Plus
Local
Market
Supplement

\$15,000 35,000 55,000 75,000 95,000 115,000 135,000

Supervisor/Manager

Pay Schedule



Plus
Local
Market
Supplement

\$15,000 35,000 55,000 75,000 95,000 115,000 135,000

June 2006



June 2006



Investigative and Protective Services Career Group

Investigative		\$74,608 - \$124,904						3	Plus Local Market Supplement
Pay Schedule		\$38,175 - \$85,578						2	
		\$25,195 - \$60,049						1	
		\$15,000	35,000	55,000	75,000	95,000	115,000	135,000	
Fire Protection		\$62,740 - \$101,130						4	Plus Local Market Supplement
Pay Schedule		\$46,189 - \$71,965						3	
		\$31,209 - \$54,649						2	
		\$16,352 - \$36,509						1	
		\$15,000	35,000	55,000	75,000	95,000	115,000	135,000	
Police/Security Guard		\$31,209 - \$54,649						2	Plus Local Market Supplement
Pay Schedule		\$16,352 - \$36,509						1	
		\$15,000	35,000	55,000	75,000	95,000	115,000	135,000	
Supervisor/Manager		\$77,793 - \$124,904						3	Plus Local Market Supplement
Pay Schedule		\$55,360 - \$106,186						2	
		\$31,209 - \$60,049						1	
		\$15,000	35,000	55,000	75,000	95,000	115,000	135,000	



Compensation

Performance-Based Pay

- Annual pay raises or bonuses based on performance
- High-performing employees can get higher pay raises
- Employees must perform at “Valued Performance” (Level 3) or higher to get any increase

Rate Range Increases

- Nation-wide salary adjustments, may vary by pay band
- Employees must perform at “Fair” (Level 2) or higher to get any increase

Local Market Supplement Increases

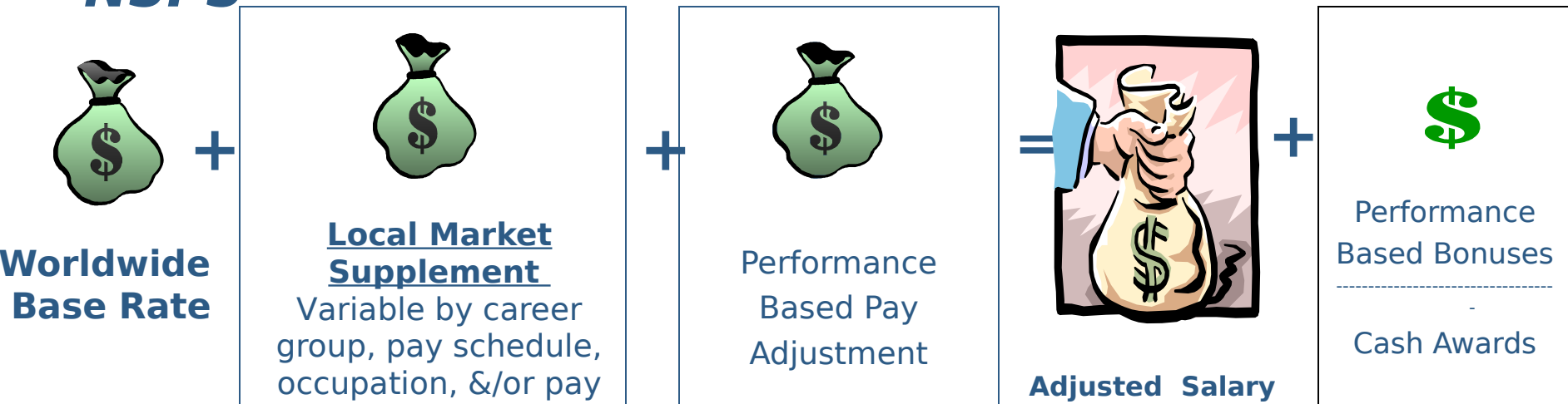
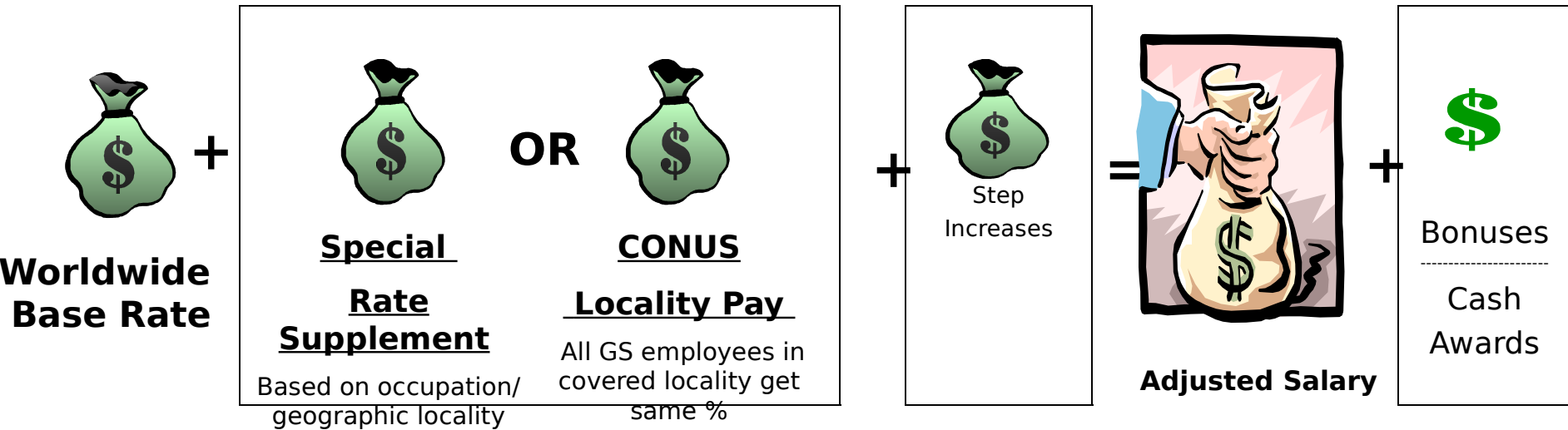
- Similar but not identical to locality pay - addition to base pay
- Based on geographic or occupation market conditions
- In given area, can differ from one occupation to another
- Employees must perform at “Fair” (Level 2) or higher to get any increase

Other Features

- Rate ranges and local market supplements are reviewed annually
- 6% minimum salary increase for promotions
- Eligibility for salary increase for reassignment/reduction in band

Pay bands replace General Schedule

General Schedule





Pay Overview

SECDEF Decisions (Outside Pay Pool)

- Rate Range Adjustments *
- Local Market Supplement (LMS) *

Performance-Based Pay (Inside Pay Pool) [may be Continuing and/or Bonus]

- WGLs **
- QSIs **
- Promotions
- Annual Bonuses
- Portion of GPI ***

Money
histori-
cally
spent

Element 1 2 3

Chapter 45 Incentive Awards (Outside NSPS)

- Special Act
- On-the-Spot
- Time Off

* Funded by annual January pay increase

** Does not exist under NSPS

*** Portion remaining after funding Rate Range Adjustments and LMS

NOTE: - Organizations can add additional dollars for either salary increases, bonuses or both
- Extraordinary Pay Increases (EPIs) and Organizational/Team Achievement

Recognitions

June 2006 (OARs) are funded from other sources (NOT from pay pool)

- Employees will not lose pay upon conversion
- Conversion based on current position of record
- Employees eligible for a within-grade increase (WGI) will receive a pro-rated increase in their salary

What is a Pay Pool?

- A group of employees who share in the distribution of a common pay-for-performance fund

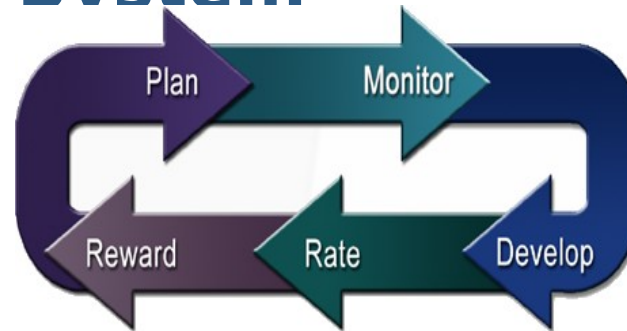
Pay Pool Composition

- Normally 35-300 employees
- By organizational structure, occupational lines, geographic location, mission or other shared characteristics

Pay Pool Management Structure

- Performance Review Authority (PRA) - Senior management official or group that manages and oversees pay pool processes and decisions
- Pay Pool Manager (PPM) - Individual designated to manage the pay pool, resolve discrepancies, ensure consistency
- Pay Pool Panel - Senior management officials of the organizations or functions represented in the pay pool

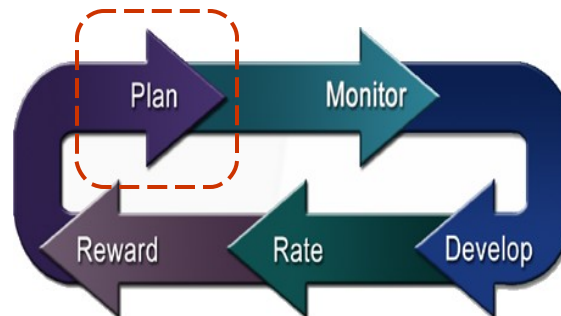
Performance Management System



- Results-oriented, mission-focused
- Clear and understandable (fair, credible, and transparent)
- Direct link between pay, performance and mission accomplishment
- Reflect meaningful distinctions in employee performance
- Robust (capable of supporting pay decisions)
- **Job objectives** – the “**What**” – primary focus
- **Manner of performance** – the “**How**” – contributing factors that influence the objective rating
- Supervisors are rated on at least one supervisory objective

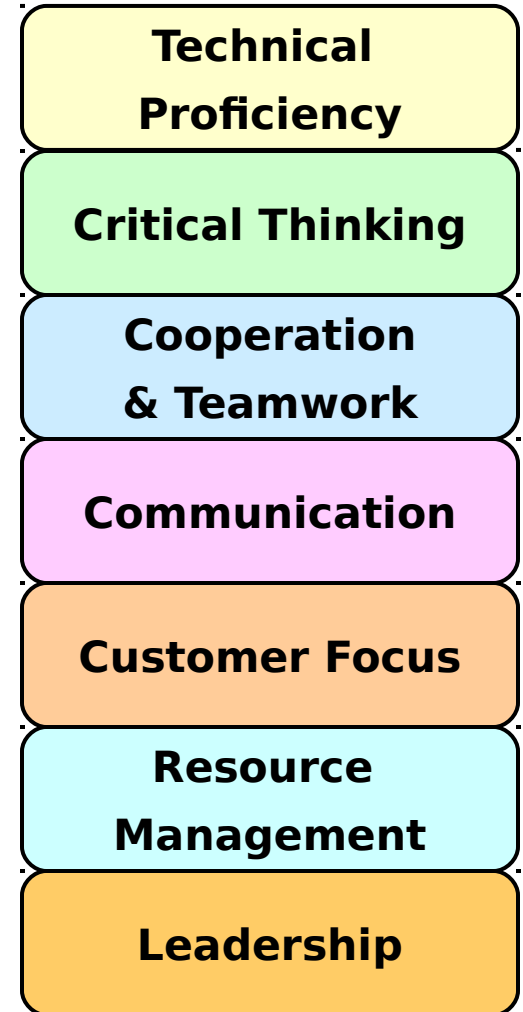
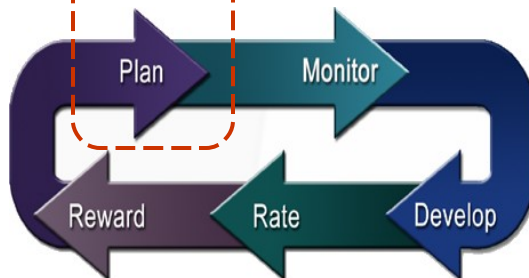
■ Job Objectives = “What”

- Written jointly by employee and supervisor
- Communicate specific individual, team, or organizational responsibilities and expected contributions with related outcomes and accomplishments
- Draw a line of sight between the employee’s work, the work unit’s goals, and the organization’s success
- Results-oriented and mission-focused
- May be weighted
- Written in the “SMART” framework
 - ✓ Specific
 - ✓ Measurable (including quality)
 - ✓ Aligned
 - ✓ Realistic
 - ✓ Time-Bound

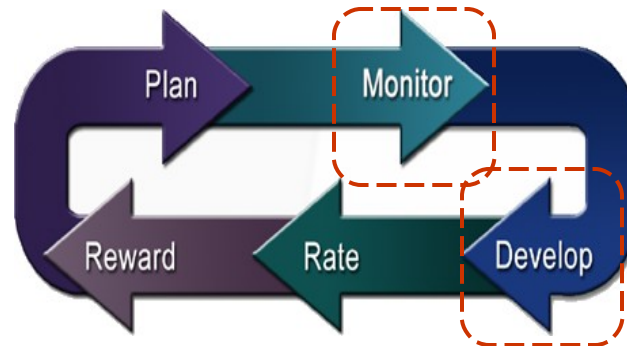


■ Contributing Factors = “How”

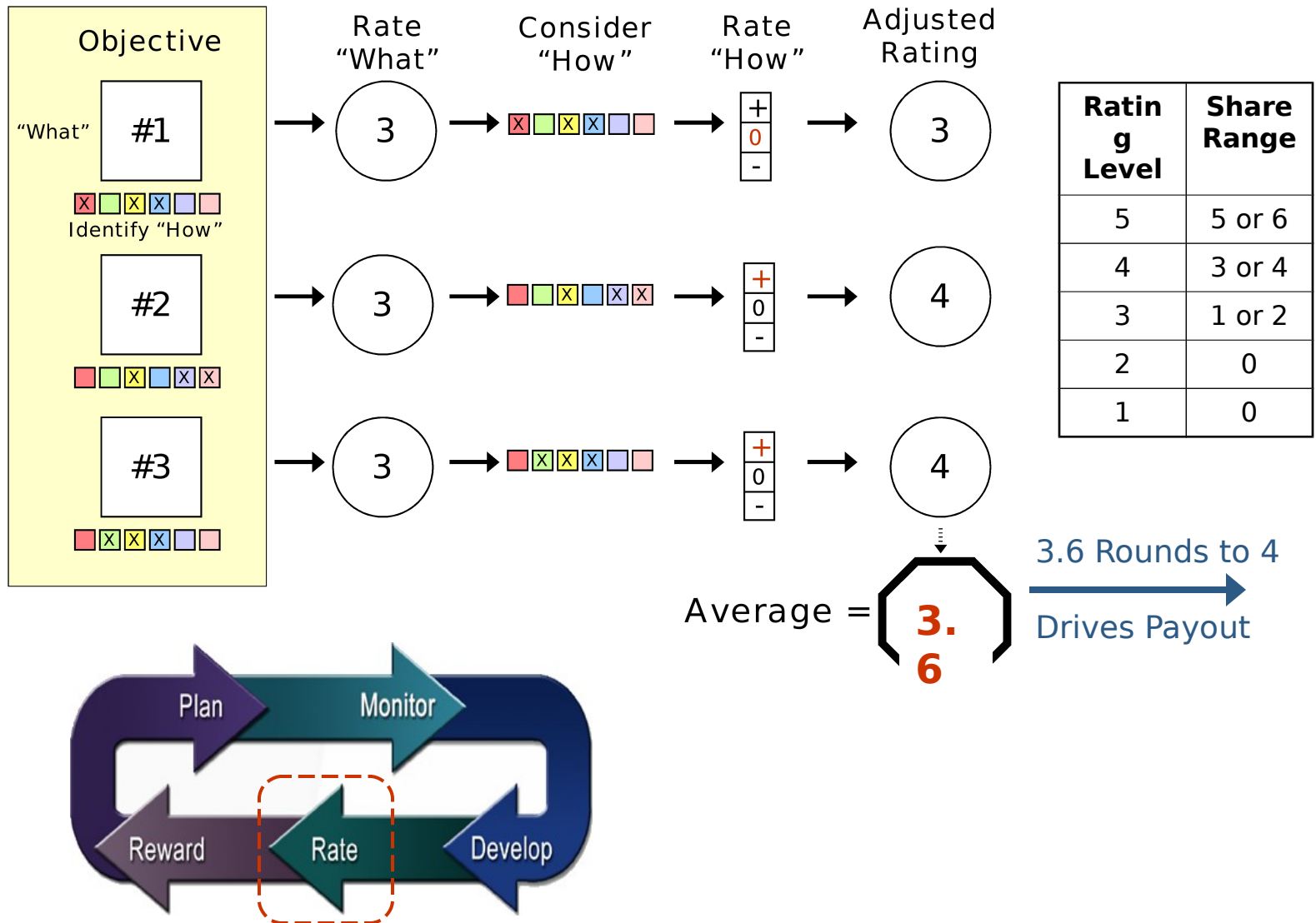
- Selected for each objective
- Attributes of job performance that are significant to the accomplishment of individual job objectives
- Further defined by “work behaviors” and “benchmark descriptors”
- Standard across DoD
- Described at the “Expected” and “Enhanced” level



- Ongoing Feedback and Dialogue
 - Acknowledge accomplishments - reinforce positive behaviors
 - Anticipate difficulties - remedy shortfalls
- Interim Reviews
 - Once during the performance management cycle
 - ✓ Informative and developmental
 - Check progress - make adjustments
- Closeout assessments as necessary
- Employee Development
 - Meaningful performance-related discussion
 - Mentoring, coaching, training
 - Process improvement teams, details and reassignments



Rate Employee Performance



Average =
 3.
6

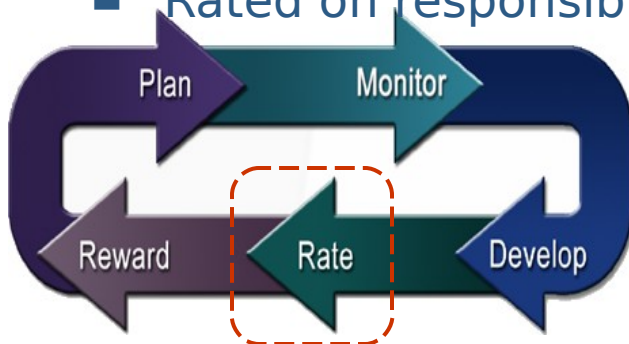
3.6 Rounds to 4 → Drives Payout

Plan → Monitor → Develop → Reward → Plan

Rate

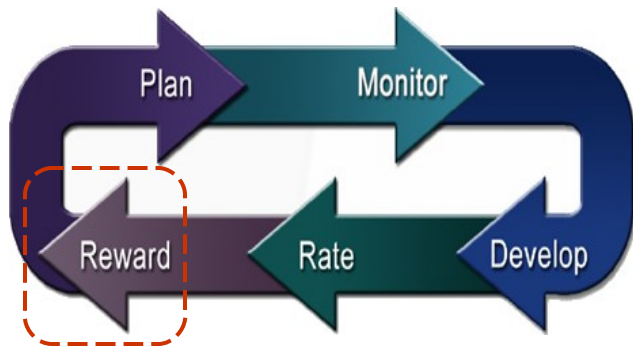
Performance	Rating	Employees are eligible to receive.....
Role Model	5	Performance Based Pay Rate Range Adjustments Local Market Supplement Increases
Exceeds Expectations	4	
Valued Performance	3	
Fair	2	Rate Range Adjustments Local Market Supplement Increases
Unsuccessful	1	No Increases

- Minimum period of performance
- Employee and supervisory end-of-year performance assessments
- Rated on responsibilities, behaviors, skills and tasks
 - Employee performance payout = salary increase or bonus
 - Access to Administrative Reconsideration Process or Negotiated Grievance Procedures



June 2006

- Supervisors recommends performance ratings
 - Employees' with ratings from 3 to 5 are eligible for performance base shares
 - Share value = % of employee's salary



Performance	Rating	Shares
Role Model	5	5 - 6
Exceeds Expectations	4	3 - 4
Valued Performance	3	1 - 2
Fair	2	0
Unsuccessful	1	0

- DoD hiring authorities provide more flexibility to respond to mission changes
- Hiring process streamlined
- Pay setting flexibilities increase ability to retain and attract quality candidates
- DoD qualification requirements recognize unique mission
- Longer probationary periods for some occupational categories allow more time to evaluate new employees
- Veterans' preference rights protected

Streamlined promotion and hiring process

- Streamlined, mission responsive
- Four retention factors remain, and are considered in this order:
 - Tenure
 - Veterans' Preference
 - Performance
 - Seniority
- Multiple years' performance credit for reduction in force
- Two years of retained pay for displaced employees
- Less disruptive to employees and mission

More emphasis on performance

- Modularized training content
- Dual focused on the behavioral & technical aspects of NSPS
- Integrated with ongoing communication & leadership initiatives
- Incorporating a variety of delivery methods
- Supporting diverse learning styles and environments
 - Web-based
 - Classroom
 - Video
 - On-the-job support tools
 - Supplemental training aids



Learning Products Available Now

- Web based
 - NSPS 101 With Conversion Calculator
 - HR Elements for Managers, Supervisors, and Employees - a Guide for NSPS for Spiral 1.1 Employees
 - Web-based NSPS Fundamentals
 - Human Resources Elements Primer
 - Senior Leaders' Forum
 - Brochures
 - ✓ Communicating with Your Staff
 - ✓ Role of the HR Practitioner
 - ✓ Communicating with Your Supervisor
 - ✓ Helping Organizations Thrive Under NSPS
 - ✓ Focus on Performance for Managers
 - ✓ Focus on Performance for Employees
- Hand-outs
 - NSPS: A Roadmap for Leading Change
 - 7 Ways for Supervisors to Get Ready for NSPS
 - 6 Ways for Employees to Get Ready for NSPS
- Video

- Make communication a priority
 - Be inclusive - Listen hard and often
 - Listen from the top and bottom
- Let people talk about how the change affects them
 - Speak honestly and without fear of retribution
- This change hits people in their pocket
 - Understand it is going to stir up emotions
- Communicate and train your way to good results
 - Expect it to hurt sometimes
 - Calibrate expectations - “Valued Performer” is a good thing
- Open and frank discussions are critical to the process

*“ It’s critical that we take care of our most important
asset – our people.”*

*Honorable Gordon R. England
NSPS Senior Executive*

■ NSPS Program Evaluation

- Short term: system adjustments, course corrections, best practices to share
- Long term: continuous improvement

■ Performance Management System Certification

- NSPS limited to 300,000 until SecDef certifies

■ Reports to Leadership and Employees

■ Reports to Congress, OPM, OMB, and GAO

- Court enjoined the Labor Relations System and Adverse Actions and Appeals
- Implementing performance management, classification, compensation, staffing, and workforce shaping provisions of Human Resources System
- NSPS deployment
 - **Spiral 1.1**
 - Begins April 2006 - about 11,000 employees
 - Rating cycle through October 2006
 - Performance payout in January 2007
 - **Spiral 1.2**
 - Begins October 2006 - Organizations TBD
 - Performance payout January 2008
 - **Spiral 1.3**
 - Begins January 2007 - Organizations TBD
 - Performance payout January 2008
- Continuous evaluation and system improvements
- Spiral 2 is event driven and requires redesign

From 25 years of DoD Experience:

- Everything takes longer than you think
- Communication is critical
- Train your way to success
- Evaluation assures accountability
- Transformational change must happen at every level

- **A modern, flexible, and agile human resources system**
 - Responsive to the national security environment
 - Preserves employee protections and benefits

- **Stimulates an environment where employees are encouraged to excel, challenged with meaningful work, and recognized for contributions**
 - Transitions to a culture where feedback and coaching is essential
 - Encourages employees to take ownership of their performance and successes

“NSPS is a win-win-win system... a win for our employees, a win for our military and a win for our Nation.”

*Honorable Gordon R. England
NSPS Senior Executive*

QUESTIONS?

www.cpms.osd.mil/nsps

www.cpol.army.mil/library/general/nsps

www.tradoc.army.mil/dcspil/cpd/nsps